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Agenda Item 8a(1)

August 15, 2011

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. **SUBJECT:** Absolute Return Strategies (ARS) Program
- II. **PROGRAM:** Absolute Return Strategies
- III. **RECOMMENDATION:** Information

IV. ANALYSIS:

Executive Summary

It has been more than two years since the last overview of the Absolute Return Strategies (ARS) Program. Since that time, there have been a number of changes made and more changes to come. The objective of this item is to provide a high-level overview of the ARS portfolio and provide the Investment Committee clarity on the role of ARS and the changes made to maximize its effectiveness with the fund. Attached are the following supporting documents:

Attachment 1 – ARS Program Review
Attachment 2 – Wilshire Opinion Letter

ARS staff and Wilshire will be available at the Investment Committee to answer any questions the Investment Committee may have.

V. STRATEGIC PLAN:

This item is consistent with Strategic Plan Goal VIII, manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits, and second, to minimize and stabilize contributions. This item is also consistent with Goal IX; achieve long-term, sustainable, risk-adjusted returns.

VI. RESULTS/COSTS:

The purpose of this item is to keep the Investment Committee informed regarding the Absolute Return Strategies Program. No additional costs were incurred with this item.

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Absolute Return Strategies

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Chief Operating Investment Officer

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Chief Investment Officer